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Argentina

COUNTERVAILING DUTIES ON LEATHER GOODS
(to be used only if raised by GOA)

I. STATEMENT OF PROBLEM

U.S. industry is complaining that Argentina is unfairly supporting its leather goods exporters, and wants countervailing duties imposed. \$8 million in Argentine exports are involved.

II. FOREIGN GOVERNMENT POSITION

Argentina maintains that a 15% shoe subsidy simply represents reimbursement to exporters of previously collected indirect taxes. The GOA has not explained its other leather goods practices yet.

III. U.S. POSITION

See Talking Points.

IV. TALKING POINTS

- U.S. actions are required by law.

- Full consideration is being given to Argentina's position by the Department of the Treasury.

- In case of leather wearing apparel, there must be evidence of injury to the U.S. industry in addition to subsidies for U.S. duties to be applied. The preliminary determination that bounties or grants are being paid has been made. A final decision is due on January 21, 1973. In case of non rubber footwear the treasury determined and announced on July 12 that bounties or grants are being bestowed. This is their preliminary decision, the Final determination if affirmative would result in countervailing duties.

- (if raised by GOA). It is premature to discuss escape clauses whereby trade adjustment assistance can be considered in lieu of tariffs.

ARGENTINA PROJECT (S200000044)

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

(X) Release () Excise () Deny

Exemption(s):

Declassify: () In Part (X) In Full

() Classify as () Extend as () Downgrade to

Date Declassify on Reason

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